

Message Text

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14

ACTION AF-06

INFO OCT-01 EUR-12 NEA-10 IO-10 ISO-00 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

STR-04 CEA-01 ACDA-05 SAM-01 /123 W

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P R 271145Z DEC 75

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC PRIORITY 4890

INFO AMEMBASSY ALGIERS

AMEMBASSY BAMAKO

AMEMBASSY DAKAR

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TRIPOLI

USMISSION NATO

USMISSION USUN NY

USCINCEUR

CINCUSNAVEUR

FOSIF ROTA

COMSIXTHFLT

C O N F I D E N T I A L NOUAKCHOTT 2675

E.O. 11652: GDS

TAGS: PFOR PBOR MMOL MOPS MR MO SS SP

SUBJECT: SAHARA WATCH: MAURITRIAN CURRENCY REFORM

REF: NOUAKCHOTT 2653

1. ON 23 DECEMBER MAURITANIAN GOVERNMENT ANNOUNCED
IMMEDIATE IMPLEMENTATION OF WIDE-SWEEPING CURRENCY
REFORM. ALL 1,000 OUGUIYA (UM) DENOMINATION
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NOTES, AND THE 100 AND 200 UM NOTES PRINTED IN 1973

WILL BE DECLARED ILLEGAL AFTER DECEMBER 29. TO ACCOMMODATE THIS RAPID EXCHANGE, CENTRAL BANK OF MAURITANIA HAS BEEN INSTRUCTED TO REMAIN OPEN FOR BUSINESS ALL DAY DECEMBER 27 AND 28.

2. USUALLY WELL INFORMED FRENCH DCM REPORTS BANKNOTE EXCHANGE MADE NECESSARY BY ALGERIAN-BACKED POLISARIO COUNTERFEITING ACTIVITIES. NOTING THAT ALL PAPER CURRENCY BEING RECALLED WAS PRINTED IN ALGERIA, FRENCH DCM REPORTS POLISARIO HAS RECENTLY BEGUN FLOATING UNBACKED CURRENCY INSIDE MAURITANIA. ACCORDING TO THIS ACCOUNT, ALGERIA IS ACTIVELY BEHIND POLISARIO IN FURNISHING MINTED NOTES WHICH POLISARIO THEN FLOATS PRIMARILY IN NOUADHIBOU AND NOUAKCHOTT.

3. AFTER THE ORIGINAL PRINTING OF ITS NEW OUGUIYA BANKNOTES IN ALGERIA IN 1973, GIRM NEGOTIATED THE SECOND PRINTING OF ITS NEW CURRENCY WITH A WEST GERMAN FIRM IN 1974. AFTER RECALLING AND DECLARING ILLEGAL ALL NOTES PRINTED IN ALGERIA, GIRM INTENDS TO MAKE THIS GERMAN COMPANY ITS SOLE SUPPLIER OF PAPER CURRENCY.

4. COMMENT: IN RETROSPECT, IT IS INTERESTING TO NOTE COMMENT ALGERIAN EMBOFF MADE SEVERAL DAYS AGO. WHILE DENOUNCING RECENT MAURITANIAN POLICY OF SIDING WITH MOROCCO AT EXPENSE OF ALGERIA, ALGERIAN EMBOFF COMMENTED MAURITANIANS ARE UNGRATEFUL FOR ALL ALGERIA HAS DONE FOR THEM, AND ASSERTED MAURITANIANS FORGET "WHERE THEIR GAS AND TECHNICAL ADVISORS COME FROM, AND WHO PRINTS THEIR MONEY". JUDGING FROM THE RECENT MONETARY ACTIVITIES OF POLISARIO, IT APPEARS AS IF ALGERIA DECIDED TO LAUNCH ITS ECONOMIC WAR AGAINST MAURITANIA BY FLOODING NATIONAL BANKING SYSTEM WITH BOGUS OUGUIYA NOTES. HANDYSIDE

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